

**WASHINGTON STATE  
GAMBLING COMMISSION**

**Title 230 WAC**

**ADMINISTRATIVE ORDER  
#464**

**For September 2004 Rules Manual**

## **NEW SECTION**

**WAC 230-02-203 Lending agent, loan servicer, and placement agent defined.** A person or entity, other than a regulated lending institution, that finds, places, administers, facilitates, or services loans to licensees and whose services include, but are not limited to, one or more of the following:

- (1) Charging an ongoing fee for their services;
  - (2) Maintaining rights as the lender;
  - (3) Determining when the loan is in default;
- or
- (4) Maintaining access to collateral.

## **NEW SECTION**

**WAC 230-02-204 Regulated lending institution defined.** A regulated lending institution is any state or federally regulated organization primarily in the business of lending money. An organization must demonstrate that it is a regulated lending institution by meeting all of the following criteria:

(1) Is registered and actively regulated by the Securities and Exchange Commission or any United States federal or state governmental banking or financial regulatory agency. Lending institutions must demonstrate to the commission that they are actively regulated by at least:

- (a) Annually reporting information on their lending activities to the regulatory agency; and
- (b) Receiving regular audits or inspections by the regulatory agency.

(2) Is acting as a passive investor in the licensee to which they are lending money. For

the purposes of this rule, passive investors are those who do not have actual or potential influence over the operations of the licensed entity. A lending institution will not be considered a passive investor if they:

- (a) Appoint or have the right to appoint officers, directors, consultants, or other positions with the licensee; or
- (b) Require the licensed establishment to seek their approval or authorization in making business decisions for the organization; or
- (c) Have full access to records of the establishment; or
- (d) Have the ability to convert the debt into shares which would result in the lender becoming a substantial interest holder in the licensee per WAC 230-02-300(4).

(3) A majority of its outstanding loans receivable are from businesses not engaged in gambling activities.

## AMENDATORY SECTION

**WAC 230-02-205 Gambling service supplier defined.** A "gambling service supplier" is any person who provides gambling related services for compensation, whether directly or indirectly.

(1) Gambling related services include at least the following:

(a) Providing consulting or advisory services regarding gambling activities;

(b) Providing gambling related management services;

(c) Providing financing for purchases or leases of gambling equipment or for providing financing for infrastructure or facilities, or equipment that supports gambling operations for more than one licensee. For purposes of this section, financing by any bank, mutual savings bank, or credit union regulated by the department of financial institutions or any federally regulated commercial lending institution shall not be deemed as providing gambling related services;

(d) Acting as a lending agent, or loan servicer, or placement agent as defined in WAC 230-02-203;

(e) Providing any other service or activity where influence may be exerted over any gambling activity licensed by the commission;

~~((e))~~ (f) Providing assembly of components for gambling equipment under a contract with a licensed manufacturer or entering into an ongoing financial arrangement for gambling related software with a licensed manufacturer;

~~((f))~~ (g) Providing installation, integration, maintenance, or any other service of digital surveillance systems that allows direct access to the operating system; ~~((g))~~

~~((g))~~ (h) Training individuals to conduct authorized gambling activities; or

(i) Performing the testing and certification of tribal lottery systems in meeting requirements specified in the tribal-state compact.

(2) The term "gambling services supplier" does not include the following:

(a) Universities and colleges that are regulated by the Washington state board of community and technical colleges and the higher education coordinating board which train individuals to conduct authorized gambling activities;

(b) Licensed manufacturers or distributors who service and repair pull-tab dispensing devices, bingo equipment or any other authorized gambling equipment;

(c) Attorneys, accountants, and governmental affairs consultants whose primary business is providing professional services that are unrelated to the management or operation of gambling activities; ~~((and))~~

(d) Persons that only provide nonmanagement related recordkeeping services for punch board and pull-tab operators, when the combined total gross billings from such services ~~((does))~~ do not exceed twenty-five thousand dollars during any calendar year;

(e) Persons that provide names, images, artwork or associated copyrights, or trademarks, or patent use, or other features that do not affect the results or outcome of the game, for use in gambling equipment; and

(f) Regulated lending institutions as defined in WAC 230-02-204.